

Message Text

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ACTION STR-05

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13
ISO-00 STRE-00 FEA-01 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
OIC-02 /143 W

-----034338 021751Z /50

P 021633Z DEC 77

FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 3662
INFO AMEMBASSY BRUSSELS
AMEMBASSY BUCHAREST
AMEMBASSY WARSAW

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USMTN USEC

PASS STR FOR ACTION

E O. 11652 N/A

TAGS: ETRD, MTN, BE, PL, RO

SUBJECT: EASTERN EUROPE IN THE MTN--EC VIEWS

REFS: (A) STATE 254869; (B) GENEVA 09283

1. EC COMMISSION SPECIALIST ON TRADE RELATIONS WITH
EASTERN EUROPE (LOUIS KAWAN) MET WITH CULBERT DEC 1 FOR
INFORMAL DISCUSSION OF US-EC VIEWS ON EE IN THE MTN.
TODD STEWART STR ALSO PARTICIPATED.

2. KAWAN SAID HE DOUBTED WESTERN MTN PARTICIPANTS COULD
GET ANYTHING TANGIBLE OUT OF ANY EE COUNTRY IN THE MTN.
HE CONSIDERED THEY WOULD END UP WITH A FREE RIDE. THE
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PROBLEM IN HIS VIEW IS INABILITY OF ANYONE THUS FAR TO
COME UP WITH REQUESTS FOR EE ACTION THAT WOULD BE WORTH
SOMETHING IN TRADE TERMS AND ALSO DOABLE BY EE. MORE
FUNDAMENTAL PROBLEM IN HIS VIEW IS THAT EE ECONOMIC
SYSTEMS ARE DIFFERENT AND THEY AREN'T GOING TO CHANGE
THEIR SYSTEMS JUST TO GET THE INCIDENTAL BENEFITS OF MFN
CUTS THEY WILL GET ANYHOW. KAWAN BELIEVES WESTERN COUN-

TRIES SHOULD RECOGNIZE THIS AND JOIN TOGETHER IN A LONGER-RUN (POST-MTN) CAMPAIGN OF PRESSURE ON EE'S TO EASE UP THEIR CENTRALIZED CONTROL OVER FOREIGN TRADE. HIS PREFERENCE WOULD BE A PERSISTENT EFFORT TO GET EE'S TO ESTABLISH QUANTITATIVE IMPORT COMMITMENTS FOR CERTAIN CATEGORIES OF GOODS--ESPECIALLY CONSUMER GOODS.

3. CULBERT NOTED WE HAD JUST RECEIVED COPY OF EC AGRICULTURAL REQUESTS ADDRESSED TO EE (MTN/AG/R/16 AND IL/3) AND EXPRESSED DISMAY THAT EC HAD REQUESTED DISCRIMINATORY QUOTAS FOR ITSELF (I.E., 50 PERCENT INCREASE OF EE IMPORTS FROM EC FOR PARTICULAR PRODUCTS OVER FIVE YEARS WITH MINIMUM ANNUAL 6 PERCENT GROWTH). KAWAN DISMISSED THESE REQUESTS AS "NOT SERIOUS." HE IS CONFIDENT EE WILL REJECT THEM AND HE IMPLIED THESE REQUESTS WERE DESIGNED TO EVOKE EE REJECTION: "WHEN THEY SAY NO, WE'LL SAY NO TO ALL OF THEIR REQUESTS."

4. CULBERT NOTED EC HAD APPARENTLY NOT YET SUBMITTED ANY NON-TARIFF REQUESTS TO EE AND ADVISED KAWAN U.S. WAS DRAWING UP A MODEST LIST TO GIVE TO POLAND AND ROMANIA. WE ASKED KAWAN IF HE WAS EQUALLY PESSIMISTIC ABOUT GETTING ANY USEFUL NTM CONCESSIONS OUT OF EE. WE RECALLED EC COMPLAINT ABOUT EE COUNTERTRADE REQUIREMENTS (GENEVA 09214) AND NOTED RECENT OFFICIAL HUNGARIAN DECLARATIONS THAT GOH DOES NOT REQUIRE COUNTERTRADE AS LIMITED OFFICIAL USE

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CONDITION FOR TRANSACTIONS WITH THE WEST; WOULDN'T SIMILAR DECLARATIONS BY OTHER EE BE OF VALUE? KAWAN SAID THIS MAY BE WORTH THINKING ABOUT. WE SAID WE WERE UNCERTAIN WHAT WOULD BE ON U.S. LIST BUT THOUGHT LIMITED ACCESS TO INSURANCE BUSINESS FOR FOREIGN TRADE TRANSACTIONS MIGHT BE INCLUDED. KAWAN SAID THE MORE REQUESTS WESTERN COUNTRIES COULD FORMULATE THE BETTER. HE SAID HE WOULD CONSIDER HAVING THE EC MAKE THE SAME REQUESTS AS THE U.S. AND ASKED US TO LET HIM KNOW CONTENTS OF OUR LIST AS SOON AS WE COULD.

5. KAWAN INQUIRED IF U.S. WOULD SUPPORT (OR AT LEAST NOT OBJECT TO) REQUESTS FOR SPECIFIC COMMODITY IMPORT COMMITMENTS IF SUCH REQUESTS WERE GLOBALIZED. CULBERT USED PARA 6 REFTEL A TO EXPLAIN REASONS FOR OUR OPPOSITION. KAWAN WAS NOT CONVINCED THESE ARGUMENTS ARE VALID. EE HAS SCOPE TO INCREASE EXPORTS TO THE WEST TO EARN ADDITIONAL HARD CURRENCY IF THEY MAKE THE EFFORT SO HE DOES NOT THINK THEIR FX RESOURCES ARE A FIXED PIE; IN ABSENCE OF PRESSURE FROM THE WEST TO OPEN UP EE MARKETS FOR SOME CONSUMER GOODS, EE WILL JUST CONTINUE WHAT THEY HAVE BEEN DOING FOR DECADES, I.E. PURCHASE MACHINERY

UP TO THE LIMIT OF FX EARNINGS AND WESTERN CREDITS.

6. KAWAN CONFIRMED EC DOES NOT INTEND TO ASK FOR ANY EE
TARIFF CONCESSIONS BECAUSE EC DOES NOT CONSIDER ANY EE
TARIFF CONTROLS EE IMPORT DECISION. KAWAN ALSO MADE IT
CLEAR EC DOES NOT WISH TO OPEN DOOR FOR HAGGLING WITH EE'S
IN MTN ABOUT RECIPROCAL TARIFF CUTS. CULBERT DREW
ON REFTTEL A TO EXPLAIN U.S. INABILITY TO ENTER INTO
TARIFF NEGOTIATIONS WITH ANY EE COUNTRY OTHER THAN
POLAND.

7. KAWAN SAID HE WOULD WELCOME FURTHER DISCUSSION AND

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OIC-02 /143 W

-----034349 021752Z /50

P 021633Z DEC 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 3663

INFO AMEMBASSY BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY WARSAW

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USMTN USEEC

PASS STR FOR ACTION

POSSIBLE COORDINATION OF US-EC STRATEGY IN DEALING WITH
EE'S IN MTN.

8. ACTION REQUESTS: WHAT IS STATUS OF U.S. NTM REQUESTS
FOR POLAND AND ROMANIA? CULBERT DRAFTED. MCDONALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, REGIONAL ORGANIZATIONS, RELATIONS WITH REGIONAL ORGS
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA11437
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770447-1111
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197712101/aaaadhsy.tel
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Litigation Codes:
Litigation History:
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Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 254869, 77 GENEVA 9283
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Mar-2005 12:00:00 am
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Review Withdrawn Fields: n/a
SAS ID: 106211
Secure: OPEN
Status: NATIVE
Subject: EASTERN EUROPE IN THE MTN--EC VIEWS
TAGS: ETRD, BE, PL, RO, XH, MTN
To: STATE USEEC
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1ddacefb-c188-dd11-92da-001cc4696bcc
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22 May 2009
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